

## Legislation Text

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**File #:** BILL NO. 20-212, **Version:** 1

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An Ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2021 through December 31, 2021 and commitment of eligible Federal Transit Administration Section 5307 Formula Funds to OATS for transit service. (PWC 11/02/20)

### Issue/Request:

An Ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2021 through December 31, 2021 and commitment of eligible Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.

### Key Issues:

- Local on-demand transit service, RideKC Lee's Summit, is managed by KCATA and operated by OATS.
- The fare remains \$1.50 per person for a one-way trip and services remain within City limits, Monday-Friday, 7:00 a.m. to 5:30 p.m.
- The costs of transit services are funded by the City's Transportation Sales Tax and Federal grants (FTA Section 5307 Formula Funding).
- The costs of transit services has a local funding match of approximately \$242,000; actual costs are based on ridership in accordance with the agreement.
- The costs of transit services has a commitment of FTA Section 5307 funding match of approximately \$375,000 for eligible operation and capital expenses.
- The costs of transit services to the City shall not exceed the approved budget approved by City Council as part of the FY2021 Capital Improvement Plan.
- This agreement may be terminated with notice and renewed for an additional 12-month period to minimize the disruption of services.

### Proposed City Council Motion:

FIRST MOTION: I move for a second reading of an ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2021 through December 31, 2021 and commitment of eligible Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.

SECOND MOTION: I move for adoption of an ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2021 through December 31, 2021 and commitment of eligible Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.

Background:

OATS, Inc. has provided on-demand door-to-door bus service with 24 hour advance reservation within the City Limits of Lee's Summit for more than 15 years. OATS, Inc. initially started with one bus in operation on a 3 day per week service schedule. OATS was expanded in 2010 to a 5 day per week service on the basis of a 2008 Lee's Summit Transit Study. The service was expanded again in 2012 with two vehicles based on ridership demand and Council approval. Hours of daily operation were 7:00 a.m. to 3:30 p.m. and the fare per one-way trip had been \$2.00. A third vehicle in circulation (or overlapping service hours in peak demand) was added to support the operation, especially for demand to/from Longview Community College in 2014.

Another Lee's Summit Transit Study was completed in 2016. This study recommended a consolidation of demand response transit services in Lee's Summit (KCATA MetroFlex and OATS). The Kansas City Area Transit Authority (KCATA) historically provided a demand response transit service in Lee's Summit as well as OATS. This KCATA service, MetroFlex, provided on-demand services to the Lee's Summit core area Monday through Friday from 7:30 a.m. to 5:30 p.m. and a \$1.50 fare.

MetroFlex was discontinued and combined with OATS in April 2017. As part of the change, the City agreed to transfer management to KCATA and re-branded the services as RideKC Lee's Summit was borne in April 2017. This consolidation of demand response transit service expanded the service capacity, service hours and reduced cost to the City and users. Transferring management to KCATA allowed the management and operations expenses to become eligible for federal grant funding to reduce the City's matching cost from local funds. The result of this change created a significant increase in ridership.

The increase in ridership resulted in an increase in associated personnel, wage and benefit expenses at OATS associated with the service and increase costs associated with vehicle maintenance and fuel in 2019. These additional expenses experienced by OATS to provide this service and a reduction in outside grants and other funds historically used to subsidize service by OATS resulted in a cost of service increase in 2019. However, ridership in 2020 has stabilized and reduced ridership was experienced as a result of COVID-19. Therefore, there are no cost increases proposed for service in 2021.

The cost for these transit services operated by OATS is an amount based on trip cost using actual ridership. KCATA will invoice the City monthly for actual expenses. This agreement authorizes the City local funds to pay for the City's share of actual costs, but not to exceed \$242,000 for the year. The additional expenses will be funded by an allocation of matching federal funds administered by KCATA.

The cost of service has not increased from 2019-2020 contracted services. The proposed service boundary, hours of operation, vehicles in circulation, and fare also remain the same as last year.

RideKC Lee's Summit, operated by OATS, is not limited to serving the elderly or disabled, and does provide service to all residents regardless of age to any location within the City of Lee's Summit and Truman Medical Center - Lakewood located just outside the City limit along Lee's Summit Road. This service is operated Monday through Friday, 7:00 a.m. to 5:30 p.m., with six vehicles in circulation. The fare per one-way trip is

\$1.50.

The OATS, Inc. service agreement is for the period January 1, 2021 thru December 31, 2021 and may be terminated with 30 days advance notice. Typically, a 12-month service agreement is expected and may be renewed for an additional year's period to minimize service disruptions.

To continue transit services and maximize the use of available federal funds, the City must enter into a series of agreements that include: on-demand transit services with OATS and agreement with KCATA for transit management services and vehicle replacement. KCATA and City have already entered into an agreement.

The KCATA contract for Commuter Express Service and the administration of OATS contract with the City, application of FTA funding for OATS service and maintaining the availability of services is crucial to providing this transit service as well. That contract was approved earlier in 2020. KCATA will manage the application of FTA funding and payment to OATS for the OATS operated transit service provided to the City under contract. The KCATA is the City's designated administrator of Lee's Summit allocated FTA 5307 funding.

The total costs for OATS to operate the RideKC Lee's Summit transit service for Lee's Summit as proposed is estimated not to exceed \$242,000 for the period beginning January 1, 2021 to December 31, 2021 based on six vehicles in daily operation, every day and every hour of potential service according to the service schedule, cost per trip basis and ridership history. Actual costs will be based on hours each vehicle is in operation to serve actual demand and ridership (fare collections). The total cost is reduced by special contracts, etc. managed by OATS. The local cost of service is estimated not to exceed \$242,000 annually after other funding deductions are contributed by OATS from the total cost of service and FTA Section 5307 Funding is applied. The fares collected by OATS are used to provide a portion of the local match for FTA funding by the City.

The local cost of service will be paid through the KCATA to OATS so as to apply the City allocated FTA Section 5307 Formula Funds. The current Lee's Summit FTA Section 5307 fund balance is over \$1,000,000, with over \$1,000,000 annual formula fund allocation, and the City would commit an estimated amount not to exceed \$375,000 from its FTA Section 5307 funding for this demand response transit service based on eligible operating and capital expenses. The Lee's Summit FTA Section 5307 funding amount will be determined based on actual costs of service as noted above and consider the allowable contributions by rule for operation and capital that may range from 50% to 80% of total actual costs of service with the City's local match funding the balance of total costs of service.

The local share is funded from the Transportation Sales Tax and fares collected. This local funding is shown in the Capital Improvement Plan (CIP) Transit Program for FY21/FY22 that was approved by the City Council in the annual budget funding the CIP. All local expenditures shall not exceed the approved transit budget.

#### Impact/Analysis:

The transit program budget (\$353,000) in the approved FY2021 Transportation Sales Tax Fund, and \$371,000 for FY2022, includes transit costs for KCATA Commuter Express Service and RideKC Lee's Summit operated by OATS. These KCATA transit contracts are based on the calendar year; spanning parts of this fiscal year and next. The cost of this contract is approximately the same as the 2020 actual cost of service. Costs of transit service shall not exceed the approved budget.

Bob Hartnett, Interim Director of Public Works (V)

Staff recommends approval.

The Public Works Committee voted unanimously 4-0 to recommend to City Council approval of an ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2021 through December 31, 2021 and commitment of eligible Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.